

Egis Technology Inc.

2020 ANNUAL SHAREHOLDER'S MEETING MINUTES

Stock Code:6462

Time: June 18, 2020 (Thursday) at 9 a.m.

Place: 2F, No. 327, Section 1, Tiding Boulevard, Neihu District, Taipei City (Lily Conference)

Total outstanding Egis shares : 69,278,754 shares

Total shares represented by shareholders present in person or by proxy : 42,126,063 shares

Percentage of shares held by shareholders present in person or proxy : 60.80 %

Directors present : Sen-Chou Lo 、 Ming-To Yu 、 Shih-Hao Ro

HEADWAY CAPITAL LIMITED Representative: Gong-Yi Lin 、

HEADWAY CAPITAL LIMITED Representative: Lee, Yi-Pin 、

Chairman : Sen-Chou Lo the Chairman of the Board of Directors

Recorder : Sharon Hsu

The aggregate shareholding of the shareholders present in person or by proxy constituted a quorum. The Chairman called the meeting to order.

A.Chairman's Address (omitted)

B.Report Items

Proposal 1

Subject matter: 2019 Annual Business Report.

Explanation:Please refer to Exhibit 1

Proposal 2

Subject matter:Review of the Company's 2019 Annual Financial Statements and Reports by the Audit Committee.

Explanation:Please refer to Exhibit 2

Proposal 3

Subject matter:2019 Annual Remunerations Distribution of Employees and Directors.

Explanation: The annual profit of this Company in 2019 is NTD 1,156,766,361. The profits shall be distributed in accordance with the provisions of Article 24 in the Articles of Incorporation and the Company Law, and 7.21%, that is, NTD

83,367,400, shall be set aside as employee remunerations; 1%, that is, NTD 11,567,664, shall be set aside as director remunerations; and the profits shall be distributed in the form of cash.

Proposal 4

Subject matter: Amendment of the Company’s “Ethical Corporate Management Best Practice Principles”.

Explanation: Because the Financial Supervisory Commission intends to amend the “Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies”, the Company intends to amend the “Ethical Corporate Management Best Practice Principles”. Please refer to Exhibit 4 .

C.Ratified

Proposal 1

Proposed by the Board of Directors

Subject matter: Approve the 2019 Annual Financial Statements.

Explanation: (1) The 2019 Annual Individual Financial Statements and Consolidated Financial Statements of the Company have been duly audited by the Certified Public Accountants of KPMG Taiwan, Steven Shih and Sonia Chang, and an unqualified opinion report has been issued for filing. The said Financial Statements and unqualified opinion report have been submitted together with the 2019 Annual Business Report to the Audit Committee for review.
 (2) The Auditors’ Report, Individual and Consolidated Financial Statements (please refer to Exhibit 3), and Business Report (please refer to Exhibit 1) are enclosed herewith.
 (3) The above is submitted for ratification.

Voting Results: Shares present at the time of voting: 42,126,063 (votes casted electronically: 9,554,853 votes)

Voting Results*		% of the total represented share present
Votes in favor:	40,118,180 votes (7,615,980 votes)	95.23%
Votes against :	248 votes (248 votes)	0.00%
Votes invalid or abstained:	2,007,635 votes (1,938,625 votes)	4.77%

*including votes casted electronically (number in brackets)

RESOLVED, that the above proposal be and hereby was approved as proposed.

Proposal 2

Proposed by the Board of Directors

Subject matter: Approved the 2019 Profit Distribution Plan.

Explanation: (1) The annual profit of this Company in 2019 shall be distributed in accordance with the provisions in the Articles of Incorporation of this Company and the Company Law, and it is proposed to distribute shareholders the cash dividends of NTD 9,000 per 1,000 shares (that is NTD 9 per share), totaling NTD 623,535,786.
 (2) Before the ex-dividend date, if the proportion of profit paid to shareholders is

accordingly changed because of alterations in law, review of the competent authority and total amount of common shares of this Company (for example, the Company repurchased its shares to transfer to employees or cancel them, increased its domestic capital in cash, and exercised the subscription right of employees, etc.), it is proposed to authorize the board of directors to adjust each condition in this Profit Distribution Plan in accordance with actual outstanding shares.

- (3) Authorize the Chairman of the Board of Directors to fix the ex-dividend base date and other related matters.
- (4) Please refer to Exhibit 5 of this Handbook for the Earnings Distribution Table, and it is submitted for ratification.

Voting Results: Shares present at the time of voting: 42,126,063 (votes casted electronically: 9,554,853 votes)

Voting Results*		% of the total represented share present
Votes in favor:	40,118,169 votes (7,615,969 votes)	95.23%
Votes against :	1,485 votes (1,485 votes)	0.00%
Votes invalid or abstained:	2,006,409 votes (1,937,399 votes)	4.76%

*including votes casted electronically (number in brackets)

RESOLVED, that the above proposal be and hereby was approved as proposed.

D. Discussion

Proposal 1

Proposed by the Board of Directors

Subject matter: Amendment to some clauses in "Operating Procedures for Acquisition or Disposal of Assets" of the Company.

Explanation:(1) To meet the needs of operation management, the Company intends to amend the "Operating Procedures for Acquisition or Disposal of Assets". Please refer to Exhibit 6 of this Handbook for the comparison table of clauses before and after the amendments.

- (2) The above is submitted for resolution.

Voting Results: Shares present at the time of voting: 42,126,063 (votes casted electronically: 9,554,853 votes)

Voting Results*		% of the total represented share present
Votes in favor:	34,652,499 votes (2,150,299 votes)	82.26%
Votes against :	5,468,925 votes (5,468,925 votes)	12.98%
Votes invalid or abstained:	2,004,639 votes (1,935,629 votes)	4.76%

*including votes casted electronically (number in brackets)

RESOLVED, that the above proposal be and hereby was approved as proposed.

Proposal 2

Proposed by the Board of Directors

Subject matter: Amendment to some clauses in “Rules of Procedures for Shareholders' Meeting” of the Company.

Explanation: (1) The Company intends to amend some clauses in “Rules of Procedures for Shareholders' Meeting” based on a letter from the Financial Supervisory Commission dated December 31, 2019 (Jin Guan Zheng Fa #1080339900). Please refer to Exhibit 7 of this Handbook for the comparison table of clauses before and after the amendments.

(2) The above is submitted for resolution.

Voting Results: Shares present at the time of voting: 42,126,063 (votes casted electronically: 9,554,853 votes)

Voting Results*		% of the total represented share present
Votes in favor:	40,116,136 votes (7,613,936 votes)	95.23%
Votes against :	5,519votes (5,519 votes)	0.01%
Votes invalid or abstained:	2,004,408 votes (1,935,398 votes)	4.76%

*including votes casted electronically (number in brackets)

RESOLVED, that the above proposal be and hereby was approved as proposed.

E. Election Matters

Subject matter: Election of directors of the Company. Proposed by the Board of Directors

Explanation:(1) The term of office of the sixth session of directors of the Company will expire on June 21st, 2020. According to the provisions of Article 17 of the Articles of Incorporation of the Company, the seventh session of directors (including independent directors) will be elected during this Annual General Meeting. Nine director positions (including three independent director positions) will be open for election this time. Newly-elected directors (including independent directors) shall take office for a term of three years immediately after the election, starting from June 18, 2020 to June 17, 2023.

(2) The Company adopts the system of nomination of candidates for directors. The shareholders shall select them from the list of candidates for directors. The list of candidates and relevant data are as follows:

Director Candidate Lists

Candidate Names	Educational Experiences	Main Experiences	Concurrent Positions Currently Assumed in the Company and Other Companies	Number of Shares Currently Held (Unit : Shares)
LO,SEN-CHOU	Bachelor of Computer Science, Soochow University California State University Chico MSCS, USA National University MBA, San Jose, USA	Chairman of Egis Technology Inc.	Chairman of Egis Technology Inc. Chairman of IvyRock Asset Management Consulting Co.,Ltd. Director of HEADWAY CAPITAL LIMITED Director of ORIENTAL GOLD HOLDINGS LIMITED Juristic Person Director of Tyrafos Technologies Co.,Ltd. Director of Kiwi Technology Inc.	3,546,262

			Independent Director of Acer Cyber Security Inc. Director of AIStorm, Inc. Juristic Person Director of Igistec Co., Ltd.	
YU,MING-TO	Master of Public Administration, National Chengchi University Master of Business Administration, Wharton School of the University of Pennsylvania, USA	Vice Chairman of Egis Technology Inc.	Vice Chairman of Egis Technology Inc. Independent Director of eMemory Technology Inc. Independent director of Acer Cyber Security Inc. Juristic Person Director of ULSee Inc. Director of Yi-Hsing Technology Co., Ltd. Director of GIXIA Group Co., Ltd.	100,000
SHIH,CHEN-JUNG	Honorary Doctor of International Law of Thunderbird International, USA Management Institute Honorary Fellowship of the University of Wales, England Honorary Doctor of Science and Technology, Hong Kong Polytechnic University Honorary Doctor of Engineering, National Chiao Tung University Master of Electronic Engineering, National Chiao Tung University	Founder and Chairman of Acer Group	Director of Egis Technology Inc. Director of Acer Inc., Limited Independent Director of Taiwan Semiconductor Manufacturing Company, Ltd. Director of Nan Shan Life Insurance Co., Ltd. Juristic Person Director of Hung Jung Investment Co., Ltd. Juristic Person Director of ID SOFTCAPITAL Inc. Chairman of Dragon Investment Fund I Co., Ltd. Director of DIGITIMES Inc. Director of Jung Hsin Management Consulting Corp. Director of Ping Yu Corporation Director of Chinese Television System Corp. Chairman of CT Ambi Investment Consulting Corp.	0
RO,SHIH-HAO	University of California, Riverside, USA	General Manager of Egis Technology Inc.	General Manager of Egis Technology Inc.	132,000
HEADWAY CAPITAL LIMITED Representative : LIN, GONG-YI	Master of the institute of Electronics, National Chiao Tung University	Chief Operating Officer and Chief Technology Officer of Egis Technology Inc.	Chief Operating Officer and Chief Technology Officer of Egis Technology Inc. Juristic Person Director of EVERSHINE BPO Service Corp. Juristic Person Director of Integrated Digital Technologies Inc. Juristic Person Director of Tyrafos Technologies Co., Ltd. Director of AIStorm, Inc. Director of Sirius Wireless Pte., Ltd.	2,700,000
HEADWAY CAPITAL LIMITED Representative : LIU, DING-JEN	Master's Degree from the Institute of Electronics, National Chiao Tung University Associate of Ph.D. of electrical Engineering of State University of New York, USA (Ph.D. Candidate.)	Executive Deputy General Manager of MediaTek Inc. Director of MediaTek Inc.	Independent Director of Egis Technology Inc. Independent Director of Leadtrend Technology Corp. Consultant of H&J Management Corp.	2,700,000

Independent Director Candidate Lists

Candidate Names	Educational Experiences	Main Experiences	Concurrent Positions Currently Assumed in the Company and Other Companies	Number of Shares Currently Held (Unit : Shares)
WENG, MING-JENG	MBA, University of Southern California, USA	Vice President of Citi Bank General Manager of Salomon Smith Barney Inc. Taipei Branch, Citi Group Chairman of Lehman Brothers Securities Taiwan Ltd. Managing Director of Nomura International (Hong Kong) Limited, Taipei Branch	Independent Director of Egis Technology Inc. Senior Partner of Millerful Capital Partners Inc. Director of Lion Travel Service Co., Ltd. Independent Director of TPK Holding Co., Ltd. Independent Director of Clientron Corp. Independent Director of United Renewable Energy Co., Ltd.	23,000

HUANG, TA-LUN	Master Degree from University of Michigan - Ann Arbor, USA	Partner of AsiaVest Partners, TCW/YFY Ltd.	Independent Director of Egis Technology Inc. Director of Parade Technologies, Ltd. Director of Amulair Thermal technology, Inc. Independent director of TCERA Co., Ltd. Independent director of MIKOBEAUTE Inc. Independent director of Ali Technology Inc. Chairman of GCS Holdings, Inc.	0
CHEN, LAI-JUH	EMBA, University of Arizona State, Thunderbird School of Global Management, USA	General Manager and CEO of AUO General Manager of Solar Business Group of AUO	Entrepreneur Mentor of AAMA Industry upgrading mentor of Small and Medium Enterprise Administration Ministry of Economic Affairs Consultant of Taiwan Institute of Economic Research Honorary President of the Center of Smart City Research Institute Chair Professor of Chung Hua University Committee of National Development Angel Fund Co-host of National Industrial Innovation Fund Plan Beginning President of New Generation College Adjunct Professor of National Chiao Tung University	0

Election results:

Position	Shareholder,s No./ ID No.	Name	BallotsReceived
Director	435	Sen-Chou Lo	43,635,746
Director	35386	Ming-To Yu	40,207,647
Director	N1004XXXXX	Chen-Jung Shih	39,968,201
Director	3565	Shih-Hao Howard Ro	39,766,361
Director	5	HEADWAY CAPITAL LIMITED Representative : Gong-Yi Lin	39,532,317
Director	5	HEADWAY CAPITAL LIMITED Representative : Ding-Jen Liu	39,328,783
Independent Director	2571	Ming-Jeng Weng	39,160,061
Independent Director	A1215XXXXX	Ta-Lun Huang	38,957,885
Independent Director	A1214XXXXX	Lai-Juh Chen	38,811,474

F. Other Proposals

Proposal 1

Proposed by the Board of Directors

Subject matter: The lifting of non-compete restrictions for directors of the Company and their representatives.

Explanation: (1) In accordance with the provisions in Article 209 of the Company Law, a director who does anything that is within the scope of the Company's business, for himself or on behalf of others shall explain to the shareholders' meeting about the essential contents of such an act and secure its approval.

(2) If a director elected by the Shareholders' Meeting of the Company, due to his / her concurrent positions, takes any action described by Article 209 of the Company Law, he / she shall, without prejudice to the interests of the company, make a proposal to the Shareholders' Meeting on removing the non-compete restrictions relating to his / her concurrent positions. The details of his / her concurrent positions are as shown in the detailed

statement disclosed on the spot during the Shareholders' Meeting after his / her election.

(3) The above is submitted for resolution.

Candidate Names	Concurrent Positions Currently Assumed in the Company and Other Companies
LO,SEN-CHOU	Chairman of IvyRock Asset Management Consulting Co.,Ltd. Director of HEADWAY CAPITAL LIMITED Director of ORIENTAL GOLD HOLDINGS LIMITED Juristic Person Director of Tyrafos Technologies Co.,Ltd. Director of Kiwi Technology Inc. Independent Director of Acer Cyber Security Inc. Director of AIStorm, Inc. Juristic Person Director of Igistec Co., Ltd.
YU,MING-TO	Independent Director of eMemory Technology Inc. Independent director of Acer Cyber Security Inc. Juristic Person Director of ULSee Inc. Director of Yi-Hsing Technology Co., Ltd. Director of GIXIA Group Co., Ltd.
SHIH,CHEN-JUNG	Director of Acer Inc., Limited Independent Director of Taiwan Semiconductor Manufacturing Company, Ltd. Director of Nan Shan Life Insurance Co., Ltd. Juristic Person Director of Hung Jung Investment Co., Ltd. Juristic Person Director of ID SOFTCAPITAL Inc. Chairman of Dragon Investment Fund I Co., Ltd. Director of DIGITIMES Inc. Director of Jung Hsin Management Consulting Corp. Director of Ping Yu Corporation Director of Chinese Television System Corp. Chairman of CT Ambi Investment Consulting Corp.
HEADWAY CAPITAL LIMITED Representative : LIN, GONG-YI	Juristic Person Director of EVERSHINE BPO Service Corp. Juristic Person Director of Integrated Digital Technologies Inc. Juristic Person Director of Tyrafos Technologies Co., Ltd. Director of AIStorm, Inc. Director of Sirius Wireless Pte., Ltd.
HEADWAY CAPITAL LIMITED Representative : LIU, DING-JEN	Independent Director of Leadtrend Technology Corp. Consultant of H&J Management Corp.
WENG, MING-JENG	Senior Partner of Millerful Capital Partners Inc. Director of Lion Travel Service Co., Ltd. Independent Director of TPK Holding Co., Ltd. Independent Director of Clientron Corp. Independent Director of United Renewable Energy Co., Ltd.
HUANG, TA-LUN	Director of Parade Technologies, Ltd. Director of Amulaire Thermal technology, Inc. Independent director of TCERA Co., Ltd. Independent director of MIKOBEAUTE Inc. Independent director of Ali Technology Inc. Chairman of GCS Holdings, Inc.
CHEN,LAI-JUH	Entrepreneur Mentor of AAMA Industry upgrading mentor of Small and Medium Enterprise Administration Ministry of Economic Affairs Consultant of Taiwan Institute of Economic Research Honorary President of the Center of Smart City Research Institute Chair Professor of Chung Hua University Committee of National Development Angel Fund Co-host of National Industrial Innovation Fund Plan Beginning President of New Generation College Adjunct Professor of National Chiao Tung University

Voting Results: Shares present at the time of voting: 42,126,063 (votes casted electronically: 9,554,853 votes)

Voting Results*		% of the total represented share present
Votes in favor:	34,566,773 votes (2,062,573 votes)	82.06%
Votes against :	5,552,598 votes (5,552,598 votes)	13.18%
Votes invalid or abstained:	2,006,692votes (1,939,682 votes)	4.76%

*including votes casted electronically (number in brackets)

RESOLVED, that the above proposal be and hereby was approved as proposed.

G. Extemporary Motions

H. Close Meeting

[Exhibit 1]

Egis Technology Inc.
2019 Annual Business Report

The 2019 Business Achievements and Business Plan are provided as follows:

1. 2019 Annual Business Achievements

1. 2019 Business Plan Implementation Outcomes

The consolidated operating revenue of the Company for 2019 amounted to NTD 7,358,411,000, representing an increase of NTD 1,449,108,000 from 2018, and a growth rate of 25%; the net profit before tax is NTD 1,052,201,000 and net profit after tax is NTD 862,681,000, and the consolidated net profit for the current period is NTD 830,085,000.

Unit: Thousand NTD

Item	2018	2019
Operating revenue	5,909,333	7,358,411
Gross operating profit	2,083,902	3,137,307
Net operating profit (loss)	726,177	1,102,652
Non-operating revenue and expenditure	121,919	(50,451)
Net profit (loss) before tax	848,096	1,052,201
Net profit (loss) after tax	670,791	862,681
Total comprehensive income for the current period	617,511	830,085
Basic earnings per share (NTD)	9.62	12.60

2. Status of Budget Implementation

The financial forecast for 2019 was not disclosed by the Company.

3. Analysis of Financial Revenue and Expenditure and Profitability

Item		2018	2019
Financial structure	Liabilities to assets ratio (%)	44.48	49.14
	Permanent capital to property, plant and equipment ratio (%)	6,068.32	4,604.57
Solvency	Current ratio (%)	195.81	181.77
	Quick ratio (%)	162.73	146.86
Profitability	Return on assets (%)	17.10	17.85
	Return on equity (%)	28.81	33.16
	Net profit margin (%)	11.35	11.72
	Earnings per share (NTD)	9.62	12.60

4. Status of Research and Development

Item	Research and Development Plan	Description of Plan
Software	AI Algorithm	It can extract a large number of feature points on a small-area optical fingerprint image to optimize recognition efficiency and reliability performance.
Hardware	Capacitive fingerprint sensor chip	It is equipped with optimized sensing sensitivity, and can be hidden within the keys of a mobile phone.
	Optical Fingerprint Sensor Chip	It can be used under the protective glass and screen with a thickness up to 1,400um. It provides an under-screen fingerprint recognition solution in response to the latest trend in full-screen mobile phones (including 5G phones and foldable phones).
	AI Algorithm Chip	We developed powerful, low-cost artificial intelligence chips with exclusive identification software to verify user identity and return the results to the device-side application processor to maintain the confidentiality, integrity and security of the user's biometric computing process, while reducing Egis engineers' time spent at the site of mobile phone

Item	Research and Development Plan	Description of Plan
		clients for integrating and debugging various mobile payment programs.
	Time-of-flight Sensor Chip	It provides a 3D Depth Map on the surface of an object. It is suitable for the augmented reality application trend of mobile phones.

2. Overview of 2020 Annual Business Plan

(1) Operational Strategy

In response to the gradual maturity and growing application of biometric recognition technology, the Company is committed to boosting the technological advancement of capacitive fingerprinting and promoting the multiple applications of fingerprint chips, further investing in optical fingerprint recognition and other technological research and development to maintain the Company's technological leadership in the field of biometric recognition; and meanwhile we are committed to expanding the emerging applications of biometric recognition in various industries, including smart phones, mobile devices, financial payments, automotive electronics, etc. and make them the main business direction of the Company, with the goal of expanding the market landscape and spearheading entry into the market.

(2) Expected Sales Volume and its Basis

The Company will expand the shipment of fingerprint chip applications to major mobile phone brand customers in China in 2020. It is expected that the performance may see a double-digit growth from 2019, and we will continue to expand our global market share of fingerprint recognition chip products.

(3) Significant Production and Sales Policies

In response to the continuous increase in demands by customers from different markets, strengthening the management and control of costs and the management of inventory are important for production and sales management for the year of 2020. Therefore, the estimation and guarantee of chip fabrication plant capacity, as well as the confirmation of production and sale time shall continue to be improved. In addition, with regard to the management and control of the overall supply chain, the certification and introduction of second-party manufacturers and new suppliers will also continue uninterruptedly to ensure continuous improvement in the quality of products supplied, stable and flawless supply sources, while optimizing the cost structure and strengthening market competitiveness.

3. Future Development Strategy of the Company

(1) Short-Term

1. In the area of hardware development:

The Company's fingerprint matching algorithm embedded with artificial

intelligence technology has been used and consistently praised by hundreds of millions of mobile phone users for many years due to its wide market recognition.

In order to maintain the confidentiality (not to be hijacked), integrity (not to be tampered) and security (not to be stolen) of the user's biometric device, the biometric device has been used in a trusted execution environment (TEE) to perform key operations, including secure storage of fingerprint verification, PIN code input, confidential private keys for mobile payment, and isolates improper fingerprint collection, storage, verification processes in TEE; therefore if the phone is jailbroken or rooted, the attacker still cannot obtain the user's fingerprint information.

Due to this phenomenon, the TEE program software requires on-site labor force for testing support, and time for integration and debugging. Therefore, the Company will develop high-performance AI chips to strengthen existing hardware and software computing capabilities.

2. In the area of process improvement:

We work closely with the fab to find out the key to process parameter optimization through the use of big data analysis, machine learning, artificial intelligence and other technologies, to achieve goals such as reducing defects, improving process, error detection, reducing cost and shortening development cycle.

3. In the area of software development:

We use AI technology to strengthen anti-spoofing functions, and introduce a cyclic verification test environment to establish a more solid and safer foundation and achieve more diverse applications.

(2) Long-Term

1. Strengthen the core competitiveness of product design and better understand and more rapidly grasp market trends.
2. For investment in new products and new technologies, we will accelerate the timeline for product introduction through market acquisitions or the introduction of new teams.
3. Solutions for various innovative biometrics will be developed together with strategic partners to grasp business opportunities while reducing R&D risks.
4. In response to the needs of the customers in the automotive industry, the Company

will actively develop ultrasonic fingerprint sensors.

4. Impact of External Competitive Environment, Legal Environment and Overall Business Environment

As optical fingerprint sensing technology is more affordable than ultrasonic sensing technology, there are more companies throughout the entire supply chain that have invested in optical fingerprint sensing technology. With the introduction of such technology by major Chinese mobile phone makers, such as Huawei, Xiaomi, OPPO and Vivo, the application for this technology has seen the fastest development, and there is a great opportunity for the applications to develop in the high-end, and mid-to-high end markets, or even in the mid-end markets at the same time. The main competitors for optical fingerprint technology include Goodix, which is invested in by MediaTek, and Silead, acquired by GigaDevice, among others.

In July 2019, Goodix filed a lawsuit against the Company for infringement of its patents for under-screen optical fingerprint recognition technology, and at the same time appealed to the court to order the Company to immediately cease the shipping of the infringing products, and to pay for such infringement a royalty fee of CNY 50.5 million (NTD 220 million). This move is aimed at slowing down the Company's penetration into other smartphone manufacturers in China, and influencing the decision-making process of these Chinese manufacturers in placing their orders, so that the Company would have to make extra efforts to persuade new customers to adopt our designs.

In February 2020, China National Intellectual Property Administration ruled that Goodix's patent rights to the under-screen biometric identification device, biometric identification components and terminal equipment (patent number: 201820937410.2) were all invalidated; as a result, Goodix lost its cause of action pertaining to its patent infringement claim against the Company. The invalidation of Goodix's patent infringement claim will help Egis expand its market in under-screen fingerprint recognition chips in China.

As Covid-19 continues its expansion, it has been proven that iPhone X and its subsequent models that are equipped with 3D face recognition technology (Face ID) can no longer properly detect the facial features of users wearing a surgical mask. At this time, most people think that this technology is not as practical as fingerprint recognition, so facial recognition seems more like a drawback rather than a convenience. Before we can see the end of this pandemic, the inconvenience of this shortcoming will become more and more pronounced. As the infrared laser emitted by the infrared transmitter on the structure light depth sensing camera system

(TrueDepth Camera) on Face ID cannot penetrate the mask fabric, and Face ID is the only biometric device on new iPhone series, users will have to remove their mask, or otherwise input the password or use the pattern lock to unlock the phone in order to make payment with Apple Pay and purchase apps.

In addition, the recent deployment and development of the global 5G mobile telecommunication network is expected to drive the growth of global 5G mobile phone demand and the increase in the shipment of under-screen fingerprint sensors for use with AMOLED phone displays. Digitimes estimates that in 2020, global AMOLED mobile phone shipments will grow to 600 million units (annual growth rate of 46%), and the shipment of smartphones equipped with fingerprint sensors will reach 1.25 billion units (penetration rate of 90% or more),

In addition to smartphones, fingerprint recognition is a huge opportunity for multiple applications in mobile devices, mobile payments, automotive electronics and financial smart cards and so on. The Company has been dedicated to the fingerprint recognition technology for years. Aside from designing fingerprint recognition chips, it has self-developed algorithms and more than 100 patents in the fingerprint recognition domain. The Company ranks among vehicle electronics suppliers.

In response to the development trend of the full screen, the fingerprint recognition solutions under the screen can increase the proportion of screens, and all manufacturers are eager to invest in R&D. Based on the long-term accumulated fingerprint recognition capabilities, the Company recruited new R&D teams and technology partners to develop optical fingerprint recognition chips, and made significant progress. At the same time, the Company has cooperated with customers to import fingerprint recognition solutions under the screen to customers' products.

The Company has also launched the R&D of 3D Depth Map sensing technology based on time of flight (ToF), while at the same time developing a more cost-effective wafer solution than the existing technology in the market, which will be more favorable to channel customers to product applications and accelerate the time to market.

The product line of the biometric recognition chip of the Company will continue to follow process evolution and move towards high-resolution, high-recognition rate and multi-specification. It will develop new applications and forms, and expand the field of applications in meeting customer demands, thus maintaining the long-term industrial competitiveness of the Company. The future trend of hardware design will make further efforts towards environment protection in the areas of saving energy and reducing carbon and the Company will work with

upstream and downstream manufacturers to develop products that match this goal, while fulfilling its corporate social responsibility.

Chairman: LO, SEN CHOU

General Manager: RO, SHIH-HAO

Accountant-in-charge: Kathy Huang

[Exhibit 2]

Auditors' Report of Audit Committee

It is hereby approved that

The Board of Directors delivered the Company's parent-company-only financial statements and consolidated financial statements, business report and earnings distribution table for the year of 2019, among which the parent-company-only financial statements and consolidated financial statements for the year of 2019 had been audited by CPAs Steven Shih and Hui-chen Chang from KPMG Taiwan, and an audit report had been accordingly issued.

All the tables prepared by the above-mentioned Board of Directors are considered no discrepancy after being reviewed by the Audit Committee. In accordance with the provisions of Articles 14(4) of the Security Exchange Act and Article 219 of the Company Law, the Report is subject to inspection.

2020 Annual General Meeting of Egis Technology Inc.

Audit committee convener: LIU, DING-JEN

March 17, 2020

[Exhibit 3]

Independent Auditors' Report

To the Board of Directors of Egis Technology Inc.:

Opinion

We have audited the consolidated financial statements of Egis Technology Inc. (the "Company") and its subsidiaries (the "Group"), which comprise the consolidated balance sheets as of December 31, 2019 and 2018, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2019 and 2018, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards ("IFRSs"), International Accounting Standards ("IASs"), interpretations as well as related guidance endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Certified Public Accountants Code of Professional Ethics in Republic of China (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were significant in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters for the Group's consolidated financial statements for the year ended December 31, 2019 are stated as follows:

1. Impairment of goodwill

Please refer to Note 4(m) "Impairment of non-financial assets" for the significant accounting policies on goodwill impairment, Note 5 "Critical accounting judgments and key sources of estimation uncertainty" for estimation uncertainty of goodwill impairment and Note 6(l) "Intangible assets" for the related disclosures.

Description of key audit matter:

For impairment test, the recoverable amount of goodwill of relevant cash-generating units involves management's judgment and estimation with respect to the future cash flows and key assumptions which are complex and involve significant uncertainty. Accordingly, the assessment of impairment of goodwill has been identified as one of the key audit matters.

How the matter was addressed in our audit:

In relation to the key audit matter above, our principal audit procedures included: obtaining the assessment of goodwill impairment provided by the management; assessing the appropriateness of the valuation model and key assumptions, including the discount rate, expected sales growth rate and future cash flow projections, used by the management in measuring the recoverable amount; and assessing the adequacy of the Group's disclosures with respect to the related information.

2. Valuation of inventories

Please refer to Note 4(h) "Inventories" for the significant accounting policies, Note 5 "Critical accounting judgments and key sources of estimation uncertainty" for estimation uncertainty of inventory valuation and Note 6(e) "Inventories" for the related disclosures.

Description of key audit matter:

The inventory of the Group is primarily the biometric fingerprint touch sensor to be integrated into the electronic products of the customers. Inventories are measured at the lower of cost and net realizable value. With the rapid development in technology, the advance of new electronic products may significantly affect customers' demands, which can lead to the obsolescence of the Group's inventory that may result in the cost of inventory to be higher than its net realizable value. Consequently, the valuation of inventories has been identified as one of the key audit matters.

How the matter was addressed in our audit:

In relation to the key audit matter above, our principal audit procedures included: obtaining the inventory aging report; analyzing the fluctuation of aging inventory and selecting samples to verify their accuracy; inspecting the sales status of inventories during the subsequent period; evaluating whether the valuation of inventories was accounted for in accordance with the Group's accounting policies; performing a retrospective review of the Group's historical accuracy of judgments with reference to inventory valuation and compare them with the current year's calculation to verify the appropriateness of the estimation and assumption used for inventory valuation.

Other Matter

The Company has additionally prepared its parent-company-only financial statements as of and for the years ended December 31, 2019 and 2018, on which we have issued an unqualified audit opinion.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the IFRSs, IASs, interpretation as well as related guidance endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, including the Audit Committee, are responsible for overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the auditing standards generally accepted in the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with auditing standards generally accepted in the Republic of China, we exercise professional judgment and maintain profession skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, base on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report are Wei-Ming Shih and Huei-Chen Chang .

KPMG

Taipei, Taiwan (Republic of China)
March 17, 2020

Notes to Readers

The accompanying consolidated financial statements are intended only to present the consolidated statement of financial position, financial performance and cash flows in accordance with the accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such consolidated financial statements are those generally accepted and applied in the Republic of China.

The independent auditors' report and the accompanying consolidated financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors' report and consolidated financial statements, the Chinese version shall prevail.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
EGIS TECHNOLOGY INC. AND SUBSIDIARIES

Consolidated Balance Sheets

December 31, 2019 and 2018

(Expressed in Thousands of New Taiwan Dollars)

		December 31, 2019		December 31, 2018				December 31, 2019		December 31, 2018	
Assets		Amount	%	Amount	%	Liabilities and Equity		Amount	%	Amount	%
Current assets:						Current liabilities:					
1100	Cash and cash equivalents (notes 6(a) and 8)	\$ 3,162,230	57	2,473,863	57	2100	Short-term borrowings (notes 6(m)(aa) and 8)	\$ 1,193,486	22	961,315	22
1110	Financial assets at fair value through profit or loss – current (notes 6(b) and 13)	62,541	1	-	-	2170	Notes and accounts payable	561,738	10	396,474	9
1170	Accounts receivable, net (notes 6(d)(ii))	343,355	6	614,327	14	2230	Current tax liabilities	166,761	3	110,812	3
130X	Inventories (note 6(e))	762,907	14	555,919	13	2280	Current lease liabilities (notes 6(n)(aa))	37,053	1	-	-
1410	Prepaid expenses and other current assets	160,921	3	77,611	2	2399	Accrued expenses and other current liabilities (notes 6(v))	687,074	12	446,773	10
1476	Other financial assets – current (notes 6(f) and 8)	317,974	6	28,681	1		Total current liabilities	2,646,112	48	1,915,374	44
	Total current assets	4,809,928	87	3,750,401	87		Non-current liabilities:				
Non-current assets:						2570	Deferred income tax liabilities (note 6(q))	75	-	1,038	-
1510	Non-current financial assets at fair value through profit or loss (note 6(b) and 13)	5,309	-	-	-	2580	Non-current lease liabilities (notes 6(n)(aa))	70,204	1	-	-
1517	Non-current financial assets at fair value through other comprehensive income (notes 6(c) and 13)	195,216	4	41,033	1		Total non-current liabilities	70,279	1	1,038	-
1550	Investments accounted for using equity method (note 6(g) and 13)	41,058	1	25,963	1		Total liabilities	2,716,391	49	1,916,412	44
1600	Property, plant and equipment (note 6(j))	62,589	1	39,437	1		Equity (notes 6(r)(s)):				
1755	Right-of-use assets (note 6(k))	104,939	2	-	-	3110	Common stock	712,653	13	709,743	16
1780	Intangible assets (notes 6(i),(l))	223,492	4	214,695	5	3140	Common stock subscribed	1,225	-	930	-
1840	Deferred income tax assets (note 6(q))	74,540	1	40,361	1	3200	Capital surplus	1,040,153	19	963,159	22
1960	Prepayments for investments (note 6(h))	-	-	186,593	4		Retained earnings:				
1920	Refundable deposits	10,551	-	9,581	-	3310	Legal reserve	137,801	2	70,722	2
1980	Other financial assets – non-current (note 8)	445	-	472	-	3320	Special reserve	48,867	1	-	-
	Total non-current assets	718,139	13	558,135	13	3350	Unappropriated earnings	1,197,715	22	1,005,824	23
							Other equity interest:				
						3411	Exchange differences on translation of foreign financial statements	2,361	-	3,935	-
						3420	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	(83,824)	(2)	(52,802)	(1)
						3491	Deferred compensation cost arising from issuance of restricted stock	(5,145)	-	(30,647)	-
						3500	Treasury stock	(248,761)	(4)	(278,740)	(6)
							Equity attributable to shareholders of the Company	2,803,045	51	2,392,124	56
						36XX	Non-controlling interests	8,631	-	-	-
							Total equity	2,811,676	51	2,392,124	56
							Total liabilities and equity	\$ 5,528,067	100	4,308,536	100
	Total assets	\$ 5,528,067	100	4,308,536	100						

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
EGIS TECHNOLOGY INC. AND SUBSIDIARIES
Consolidated Statements of Comprehensive Income
For the years ended December 31, 2019 and 2018
(Expressed in Thousands of New Taiwan Dollars, Except for Earnings Per Share)

	2019		2018	
	Amount	%	Amount	%
4000 Revenue (note 6(u))	\$ 7,358,441	100	5,909,333	100
5000 Costs of revenue (notes 6(e)(j) and 12)	<u>(4,221,134)</u>	<u>(57)</u>	<u>(3,825,431)</u>	<u>(65)</u>
Gross profit	<u>3,137,307</u>	<u>43</u>	<u>2,083,902</u>	<u>35</u>
Operating expenses (notes 6(d)(j)(k)(l)(n)(o)(p)(s)(v), 7 and 12):				
6100 Selling expenses	(315,972)	(4)	(293,377)	(5)
6200 Administrative expenses	(277,169)	(4)	(212,325)	(4)
6300 Research and development expenses	<u>(1,441,514)</u>	<u>(20)</u>	<u>(852,023)</u>	<u>(14)</u>
Total operating expenses	<u>(2,034,655)</u>	<u>(28)</u>	<u>(1,357,725)</u>	<u>(23)</u>
Operating income	<u>1,102,652</u>	<u>15</u>	<u>726,177</u>	<u>12</u>
Non-operating income and loss:				
7010 Other income (note 6(w))	90,379	1	44,568	1
7020 Other gains and losses, net (note 6(w))	(74,789)	(1)	80,414	1
7050 Finance costs (notes 6(n)(w))	(19,332)	-	(9,917)	-
7060 Share of profits of associates and joint ventures accounted for using equity method (notes 6(g) and 13)	<u>(46,709)</u>	<u>(1)</u>	<u>6,854</u>	<u>-</u>
Total non-operating income and loss	<u>(50,451)</u>	<u>(1)</u>	<u>121,919</u>	<u>2</u>
Net income before taxes	1,052,201	14	848,096	14
7950 Less: Income tax expenses (note 6(q))	<u>(199,498)</u>	<u>(2)</u>	<u>(177,305)</u>	<u>(3)</u>
Net income	<u>852,703</u>	<u>12</u>	<u>670,791</u>	<u>11</u>
Other comprehensive income:				
Items that will not be reclassified subsequently to profit or loss:				
8310 Unrealized losses from investments in equity instruments measured at fair value through other comprehensive income (notes 6(r))	(31,022)	(1)	(53,977)	(1)
8349 Income tax related to items that will not be reclassified to profit or loss	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>(31,022)</u>	<u>(1)</u>	<u>(53,977)</u>	<u>(1)</u>
Items that may be reclassified subsequently to profit or loss:				
8360 Exchange differences on translation of foreign operations (notes 6(g)(r))	(1,574)	-	697	-
8399 Income tax related to items that may be reclassified to profit or loss	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>(1,574)</u>	<u>-</u>	<u>697</u>	<u>-</u>
Other comprehensive income (loss), net	<u>(32,596)</u>	<u>(1)</u>	<u>(53,280)</u>	<u>(1)</u>
Comprehensive income	<u>\$ 820,107</u>	<u>11</u>	<u>617,511</u>	<u>10</u>
Net income attributable to:				
8610 Shareholders of the Company	\$ 862,681	12	670,791	11
8620 Non-controlling interests	<u>(9,978)</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 852,703</u>	<u>12</u>	<u>670,791</u>	<u>11</u>
Total comprehensive income attributable to:				
8710 Shareholders of the Company	\$ 830,085	11	617,511	10
8720 Non-controlling interests	<u>(9,978)</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 820,107</u>	<u>11</u>	<u>617,511</u>	<u>10</u>
Earnings per share (in New Taiwan dollars) (note 6(t)) :				
9750 Basic earnings per share	<u>\$ 12.60</u>		<u>9.62</u>	
9850 Diluted earnings per share	<u>\$ 12.46</u>		<u>9.54</u>	

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
EGIS TECHNOLOGY INC. AND SUBSIDIARIES

Consolidated Statements of Changes in Equity
For the years ended December 31, 2019 and 2018
(Expressed in Thousands of New Taiwan Dollars)

	Attributable to shareholders of the Company												
	Retained earnings:						Other equity interest:					Non-controlling interests:	Total equity
	Common stock	Common stock subscribed	Capital Surplus	Legal reserve	Special reserve	Unappropriated earnings	Exchange differences on translation of foreign operations	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	Deferred compensation cost arising from issuance of restricted stock	Treasury stock	Total		
Balance at January 1, 2018	\$ 704,908	4,415	942,038	11,403	-	695,814	3,238	-	(97,734)	-	2,264,082	-	2,264,082
Effects of retrospective application	-	-	-	-	-	-	-	1,175	-	-	1,175	-	1,175
Balance at January 1, 2018 after adjustments	704,908	4,415	942,038	11,403	-	695,814	3,238	1,175	(97,734)	-	2,265,257	-	2,265,257
Appropriation and distribution of retained earnings:													
Legal reserve	-	-	-	59,319	-	(59,319)	-	-	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	-	(301,462)	-	-	-	-	(301,462)	-	(301,462)
Purchase of treasury share	-	-	-	-	-	-	-	-	-	(278,740)	(278,740)	-	(278,740)
Issuance of common stock from exercise of employee stock options	4,895	(3,485)	15,508	-	-	-	-	-	-	-	16,918	-	16,918
Compensation cost of employee stock options	-	-	2,810	-	-	-	-	-	-	-	2,810	-	2,810
Compensation cost arising from restricted shares of stock issued to employees	-	-	2,743	-	-	-	-	-	67,087	-	69,830	-	69,830
Retirement of restricted shares of stock issued to employees	(60)	-	60	-	-	-	-	-	-	-	-	-	-
Net income in 2018	-	-	-	-	-	670,791	-	-	-	-	670,791	-	670,791
Other comprehensive income in 2018	-	-	-	-	-	-	697	(53,977)	-	-	(53,280)	-	(53,280)
Total comprehensive income in 2018	-	-	-	-	-	670,791	697	(53,977)	-	-	617,511	-	617,511
Balance at December 31, 2018	709,743	930	963,159	70,722	-	1,005,824	3,935	(52,802)	(30,647)	(278,740)	2,392,124	-	2,392,124
Appropriation and distribution of retained earnings:													
Legal reserve	-	-	-	67,079	-	(67,079)	-	-	-	-	-	-	-
Special reserve	-	-	-	-	48,867	(48,867)	-	-	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	-	(554,844)	-	-	-	-	(554,844)	-	(554,844)
Treasury stock transferred to employees	-	-	(90)	-	-	-	-	-	-	29,979	29,889	-	29,889
Acquisition of subsidiaries	-	-	-	-	-	-	-	-	-	-	-	18,609	18,609
Issuance of common stock from exercise of employee stock options	2,940	295	33,995	-	-	-	-	-	-	-	37,230	-	37,230
Compensation cost of employee stock options	-	-	41,071	-	-	-	-	-	-	-	41,071	-	41,071
Compensation cost arising from restricted shares of stock issued to employees	-	-	1,988	-	-	-	-	-	25,502	-	27,490	-	27,490
Retirement of restricted shares of stock issued to employees	(30)	-	30	-	-	-	-	-	-	-	-	-	-
Net income in 2019	-	-	-	-	-	862,681	-	-	-	-	862,681	(9,978)	852,703
Other comprehensive income in 2019	-	-	-	-	-	-	(1,574)	(31,022)	-	-	(32,596)	-	(32,596)
Total comprehensive income in 2019	-	-	-	-	-	862,681	(1,574)	(31,022)	-	-	830,085	(9,978)	820,107
Balance at December 31, 2019	\$ 712,653	1,225	1,040,153	137,801	48,867	1,197,715	2,361	(83,824)	(5,145)	(248,761)	2,803,045	8,631	2,811,676

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

EGIS TECHNOLOGY INC. AND SUBSIDIARIES

Consolidated Statements of Cash Flows

For the years ended December 31, 2019 and 2018

(Expressed in Thousands of New Taiwan Dollars)

	<u>2019</u>	<u>2018</u>
Cash flows from operating activities:		
Income before income taxes	\$ 1,052,201	848,096
Adjustments for:		
Adjustments to reconcile profit (loss):		
Depreciation	60,490	15,545
Amortization	42,826	24,589
Expected credit loss (gain) / Provision for bad debt expense	-	(1,300)
Net loss on financial assets at fair value through profit or loss	415	755
Interest expense	19,332	9,917
Interest income	(80,063)	(41,767)
Share-based payments	68,561	72,640
Share of loss of associates and joint ventures accounted for using equity method	46,709	(6,854)
Loss on disposal of assets	724	11
Gain arising from lease modifications	(139)	-
Total adjustments to reconcile profit	<u>158,855</u>	<u>73,536</u>
Changes in operating assets and liabilities:		
Changes in operating assets:		
Accounts receivable	270,972	116,262
Inventories	(206,988)	143,634
Prepayments and other current assets	(81,476)	(13,763)
Total changes in operating assets	<u>(17,492)</u>	<u>246,133</u>
Changes in operating liabilities:		
Notes and accounts payable	165,264	(246,124)
Accrued expenses and other current liabilities	233,091	130,648
Total changes in operating liabilities	<u>398,355</u>	<u>(115,476)</u>
Total changes in operating assets and liabilities	<u>380,863</u>	<u>130,657</u>
Cash provided by operations	1,591,919	1,052,289
Interest received	77,962	41,045
Interest paid	(19,253)	(9,501)
Income taxes paid	(177,101)	(178,646)
Net cash provided by operating activities	<u>1,473,527</u>	<u>905,187</u>

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

EGIS TECHNOLOGY INC. AND SUBSIDIARIES

Consolidated Statements of Cash Flows (Continued)

For the years ended December 31, 2019 and 2018

(Expressed in Thousands of New Taiwan Dollars)

	<u>2019</u>	<u>2018</u>
Cash flows from investing activities:		
Acquisition of financial assets at fair value through other comprehensive income	(62,140)	-
Acquisition of financial assets at fair value through profit or loss	(98,508)	-
Proceeds from disposal of financial assets at fair value through profit or loss	30,243	57,157
Acquisition of investments accounted for using equity method	(43,232)	(19,517)
Increase in prepayments for investments	-	(186,593)
Net cash flows from acquisition of subsidiaries	34,034	-
Acquisition of property, plant and equipment	(45,157)	(21,222)
Proceeds from disposal of property, plant and equipment	3	-
Acquisition of intangible assets	(20,070)	(38,643)
Decrease (increase) in other financial assets	(287,165)	504,985
Decrease (increase) in refundable deposits	(399)	194
Net cash provided by (used in) investing activities	<u>(492,391)</u>	<u>296,361</u>
Cash flows from financing activities:		
Proceeds from short-term borrowings	6,967,837	3,575,763
Repayments of short-term borrowings	(6,735,666)	(2,894,967)
Payment of lease liabilities	(35,669)	-
Cash dividends distributed to shareholders	(554,844)	(301,462)
Proceeds from exercise of employee stock options	37,230	16,918
Purchase of treasury stock	-	(278,740)
Treasury stock transferred to employees	29,889	-
Net cash provided by (used in) financing activities	<u>(291,223)</u>	<u>117,512</u>
Effects of foreign exchange rate changes	<u>(1,546)</u>	<u>1,092</u>
Net increase in cash and cash equivalents	688,367	1,320,152
Cash and cash equivalents at beginning of the period	<u>2,473,863</u>	<u>1,153,711</u>
Cash and cash equivalents at end of the period	<u><u>\$ 3,162,230</u></u>	<u><u>2,473,863</u></u>

Independent Auditors' Report

To the Board of Directors of Egis Technology Inc.:

Opinion

We have audited the accompanying parent-company-only financial statements of Egis Technology Inc. (the "Company"), which comprise the balance sheets as of December 31, 2019 and 2018, and the statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying parent-company-only financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2019 and 2018, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the parent-company-only Financial Statements section of our report. We are independent of the Company in accordance with the Certified Public Accountants Code of Professional Ethics in Republic of China (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the parent-company-only financial statements of the current period. These matters were addressed in the context of our audit of the parent-company-only financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters for the Company's parent-company-only financial statements for the year ended December 31, 2019 are stated as follows:

1. Impairment of goodwill

Please refer to Note 4(m) "Impairment of non-financial assets" for the significant accounting policies on goodwill impairment, Note 5 "Critical accounting judgments and key sources of estimation uncertainty" for estimation uncertainty of goodwill impairment and Note 6(k) "Intangible assets" for the related disclosures.

Description of key audit matter:

For impairment test, the recoverable amount of goodwill of relevant cash-generating units involves management's judgment and estimation with respect to the future cash flows and key assumptions which are complex and involve significant uncertainty. Accordingly, the assessment of impairment of goodwill has been identified as one of the key audit matters.

How the matter was addressed in our audit:

In relation to the key audit matter above, our principal audit procedures included: obtaining the assessment of goodwill impairment provided by the management; assessing the appropriateness of the valuation model and key assumptions, including the discount rate, expected sales growth rate and future cash flow projections, used by the management in measuring the recoverable amount; and assessing the adequacy of the Company's disclosures with respect to the related information.

2. Valuation of inventories

Please refer to Note 4(g) "Inventories" for the significant accounting policies, Note 5 "Critical accounting judgments and key sources of estimation uncertainty" for estimation uncertainty of inventory valuation and Note 6(e) "Inventories" for the related disclosures.

Description of key audit matter:

The inventory of the Company is primarily the biometric fingerprint touch sensor to be integrated into the electronic products of the customers. Inventories are measured at the lower of cost and net realizable value. With the rapid development in technology, the advance of new electronic products may significantly affect customers' demands, which can lead to the obsolescence of the Company's inventory that may result in the cost of inventory to be higher than its net realizable value. Consequently, the valuation of inventories has been identified as one of the key audit matters.

How the matter was addressed in our audit:

In relation to the key audit matter above, our principal audit procedures included: obtaining the inventory aging report; analyzing the fluctuation of aging inventory and selecting samples to verify their accuracy; inspecting the sales status of inventories during the subsequent period; evaluating whether the valuation of inventories was accounted for in accordance with the Company's accounting policies; performing a retrospective review of the Company's historical accuracy of judgments with reference to inventory valuation and compare them with the current year's calculation to verify the appropriateness of the estimation and assumption used for inventory valuation.

Responsibilities of Management and Those Charged with Governance for the Parent-Company-Only Financial Statements

Management is responsible for the preparation and fair presentation of the parent-company-only financial statements in accordance with Regulations Governing the Preparation of Financial Reports by Securities Issuers, and for such internal control as management determines is necessary to enable the preparation of parent-company-only financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the parent-company-only financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, including the Audit Committee, are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Parent-Company-Only Financial Statements

Our objectives are to obtain reasonable assurance about whether the parent-company-only financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the auditing standards generally accepted in the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these parent-company-only financial statements.

As part of an audit in accordance with auditing standards generally accepted in the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the parent-company-only financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, base on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the parent-company-only financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the parent-company-only financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of the investee companies accounted for using equity method to express an opinion on this parent-company-only financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the parent-company-only financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report are Wei-Ming Shih and Huei-Chen Chang.

KPMG

Taipei, Taiwan (Republic of China)

March 17, 2020

Notes to Readers

The accompanying financial statements are intended only to present the parent-company-only financial position, financial performance and cash flows in accordance with the accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such parent-company-only financial statements are those generally accepted and applied in the Republic of China.

The independent auditors' report and the accompanying parent-company-only financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors' report and parent-company-only financial statements, the Chinese version shall prevail.

(English Translation of Financial Statements Originally Issued in Chinese)
EGIS TECHNOLOGY INC.

Statements of Comprehensive Income

For the years ended December 31, 2019 and 2018

(Expressed in Thousands of New Taiwan Dollars , Except for Earnings Per Share)

		2019		2018	
		Amount	%	Amount	%
4000	Revenue (note 6(t))	\$ 7,358,441	100	5,909,333	100
5000	Costs of revenue (notes 6(e)(i) and 12)	<u>(4,221,134)</u>	<u>(57)</u>	<u>(3,825,431)</u>	<u>(65)</u>
	Gross profit	<u>3,137,307</u>	<u>43</u>	<u>2,083,902</u>	<u>35</u>
	Operating expenses (notes 6(d)(i)(j)(k)(m)(n)(o)(v), 7 and 12):				
6100	Selling expenses	(303,537)	(4)	(271,985)	(5)
6200	Administrative expenses	(253,463)	(4)	(212,139)	(4)
6300	Research and development expenses	<u>(1,424,781)</u>	<u>(19)</u>	<u>(871,541)</u>	<u>(14)</u>
	Total operating expenses	<u>(1,981,781)</u>	<u>(27)</u>	<u>(1,355,665)</u>	<u>(23)</u>
	Operating income	<u>1,155,526</u>	<u>16</u>	<u>728,237</u>	<u>12</u>
	Non-operating income and loss:				
7010	Other income (note 6(v))	89,829	1	44,303	1
7020	Other gains and losses, net (note 6(v))	(72,915)	(1)	80,588	1
7050	Finance costs (notes 6(m)(v))	(18,816)	-	(9,917)	-
7060	Share of losses of associates and joint ventures accounted for using equity method (note 6(g))	<u>(91,793)</u>	<u>(1)</u>	<u>(1,256)</u>	<u>-</u>
	Total non-operating income and loss	<u>(93,695)</u>	<u>(1)</u>	<u>113,718</u>	<u>2</u>
	Income before taxes	1,061,831	15	841,955	14
7950	Less: Income tax expenses (notes 6(p))	<u>(199,150)</u>	<u>(3)</u>	<u>(171,164)</u>	<u>(3)</u>
	Net income	<u>862,681</u>	<u>12</u>	<u>670,791</u>	<u>11</u>
	Other comprehensive income (loss):				
8310	Items that will not be reclassified subsequently to profit or loss:				
8316	Unrealized losses from investments in equity instruments measured at fair value through other comprehensive income (notes 6(q))	(31,022)	(1)	(53,977)	(1)
8349	Income tax related to items that will not be reclassified to profit or loss	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
		<u>(31,022)</u>	<u>(1)</u>	<u>(53,977)</u>	<u>(1)</u>
8360	Items that may be reclassified subsequently to profit or loss:				
8361	Exchange differences on translation of foreign operations (note 6(g)(q))	(1,574)	-	697	-
8399	Income tax related to items that may be reclassified to profit or loss	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
		<u>(1,574)</u>	<u>-</u>	<u>697</u>	<u>-</u>
	Other comprehensive income (loss), net	<u>(32,596)</u>	<u>(1)</u>	<u>(53,280)</u>	<u>(1)</u>
	Comprehensive income	<u>\$ 830,085</u>	<u>11</u>	<u>617,511</u>	<u>10</u>
	Earnings per share (in New Taiwan dollars) (note 6(s)) :				
9750	Basic earnings per share	<u>\$ 12.60</u>		<u>9.62</u>	
9850	Diluted earnings per share	<u>\$ 12.46</u>		<u>9.54</u>	

(English Translation of Financial Statements Originally Issued in Chinese)

EGIS TECHNOLOGY INC.

Statements of Changes in Equity

For the years ended December 31, 2019 and 2018

(Expressed in Thousands of New Taiwan Dollars)

	Retained earnings					Other equity interest					Total equity
	Common stock	Common stock subscribed	Capital Surplus	Legal reserve	Special reserve	Unappropriated earnings	Exchange differences on translation of foreign operations	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	Deferred compensation cost arising from issuance of restricted stock	Treasury stock	
Balance at January 1, 2018	\$ 704,908	4,415	942,038	11,403	-	695,814	3,238	-	(97,734)	-	2,264,082
Effects of retrospective application	-	-	-	-	-	-	-	1,175	-	-	1,175
Balance at January 1, 2018 after adjustments	704,908	4,415	942,038	11,403	-	695,814	3,238	1,175	(97,734)	-	2,265,257
Appropriation and distribution of retained earnings:											
Legal reserve	-	-	-	59,319	-	(59,319)	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	-	(301,462)	-	-	-	-	(301,462)
Purchase of treasury share	-	-	-	-	-	-	-	-	-	(278,740)	(278,740)
Retirement of restricted shares of stock issued to employees	(60)	-	60	-	-	-	-	-	-	-	-
Issuance of common stock from exercise of employee stock options	4,895	(3,485)	15,508	-	-	-	-	-	-	-	16,918
Compensation cost of employee stock options	-	-	2,810	-	-	-	-	-	-	-	2,810
Compensation cost arising from restricted shares of stock issued to employees	-	-	2,743	-	-	-	-	-	67,087	-	69,830
Net income in 2018	-	-	-	-	-	670,791	-	-	-	-	670,791
Other comprehensive income in 2018	-	-	-	-	-	-	697	(53,977)	-	-	(53,280)
Total comprehensive income in 2018	-	-	-	-	-	670,791	697	(53,977)	-	-	617,511
Balance at December 31, 2018	709,743	930	963,159	70,722	-	1,005,824	3,935	(52,802)	(30,647)	(278,740)	2,392,124
Appropriation and distribution of retained earnings:											
Legal reserve	-	-	-	67,079	-	(67,079)	-	-	-	-	-
Special reserve	-	-	-	-	48,867	(48,867)	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	-	(554,844)	-	-	-	-	(554,844)
Treasury stock transferred to employees	-	-	(90)	-	-	-	-	-	-	29,979	29,889
Issuance of common stock from exercise of employee stock options	2,940	295	33,995	-	-	-	-	-	-	-	37,230
Compensation cost of employee stock options	-	-	41,071	-	-	-	-	-	-	-	41,071
Compensation cost arising from restricted shares of stock issued to employees	-	-	1,988	-	-	-	-	-	25,502	-	27,490
Retirement of restricted shares of stock issued to employees	(30)	-	30	-	-	-	-	-	-	-	-
Net income in 2019	-	-	-	-	-	862,681	-	-	-	-	862,681
Other comprehensive income in 2019	-	-	-	-	-	-	(1,574)	(31,022)	-	-	(32,596)
Total comprehensive income in 2019	-	-	-	-	-	862,681	(1,574)	(31,022)	-	-	830,085
Balance at December 31, 2019	\$ 712,653	1,225	1,040,153	137,801	48,867	1,197,715	2,361	(83,824)	(5,145)	(248,761)	2,803,045

(English Translation of Financial Statements Originally Issued in Chinese)

EGIS TECHNOLOGY INC.

Statements of Cash Flows

For the years ended December 31, 2019 and 2018

(Expressed in Thousands of New Taiwan Dollars)

	<u>2019</u>	<u>2018</u>
Cash flows from operating activities:		
Income before income taxes	\$ 1,061,831	841,955
Adjustments for:		
Adjustments to reconcile profit (loss):		
Depreciation	49,959	14,890
Amortization	39,256	24,548
Expected credit loss (gain) / Provision for bad debt expense	-	(1,300)
Net loss on financial assets at fair value through profit or loss	415	755
Interest expense	18,816	9,917
Interest income	(79,765)	(41,583)
Share-based payments	68,561	72,640
Share of loss of subsidiaries, associates and joint ventures accounted for using equity method	91,793	1,256
Total adjustments to reconcile profit	<u>189,035</u>	<u>81,123</u>
Changes in operating assets and liabilities:		
Changes in operating assets:		
Accounts receivable	270,972	116,262
Other receivables from related parties	109	(109)
Inventories	(206,988)	143,634
Prepayments and other current assets	(83,518)	(13,791)
Total changes in operating assets	<u>(19,425)</u>	<u>245,996</u>
Changes in operating liabilities:		
Notes and accounts payable	165,264	(246,124)
Other payables to related parties	(983)	5,998
Accrued expenses and other current liabilities	223,153	128,468
Total changes in operating liabilities	<u>387,434</u>	<u>(111,658)</u>
Total changes in operating assets and liabilities	<u>368,009</u>	<u>134,338</u>
Cash provided by operations	1,618,875	1,057,416
Interest received	77,630	40,877
Interest paid	(18,737)	(9,501)
Income taxes paid	(176,939)	(172,031)
Net cash provided by operating activities	<u>1,500,829</u>	<u>916,761</u>

(English Translation of Financial Statements Originally Issued in Chinese)
EGIS TECHNOLOGY INC.

Statements of Cash Flows (Continued)

For the years ended December 31, 2019 and 2018

(Expressed in Thousands of New Taiwan Dollars)

	2019	2018
Cash flows from investing activities:		
Acquisition of financial assets at fair value through other comprehensive income	(62,140)	-
Acquisition of financial assets at fair value through profit or loss	(98,508)	-
Proceeds from disposal of financial assets at fair value through profit or loss	30,243	57,157
Acquisition of investments accounted for using equity method	(83,795)	(34,827)
Increase in prepayments for investments	-	(186,593)
Proceeds from capital return of investments accounted for using equity method	9,107	-
Acquisition of property, plant and equipment	(39,594)	(20,376)
Proceeds from disposal of property, plant and equipment	-	1,066
Acquisition of intangible assets	(19,980)	(37,813)
Decrease (increase) in other financial assets	(296,407)	505,743
Decrease (increase) in refundable deposits	(367)	1,633
Net cash provided by (used in) investing activities	(561,441)	285,990
Cash flows from financing activities:		
Proceeds from short-term borrowings	6,967,837	3,575,763
Repayments of short-term borrowings	(6,735,666)	(2,894,967)
Payment of lease liabilities	(28,498)	-
Cash dividends distributed to shareholders	(554,844)	(301,462)
Proceeds from exercise of employee stock options	37,230	16,918
Purchase of treasury stock	-	(278,740)
Treasury stock transferred to employees	29,889	-
Net cash provided by (used in) financing activities	(284,052)	117,512
Net increase in cash and cash equivalents	655,336	1,320,263
Cash and cash equivalents at beginning of the period	2,443,774	1,123,511
Cash and cash equivalents at end of the period	\$ 3,099,110	2,443,774

[Exhibit 4]

Egis Technology Inc.

Comparison Table of Pre- and Post-Amendment Clauses of the Ethical Corporate Management Best Practice Principles

Amended Clause	Existing Clause	Explanation
<p>Articles 5 (Policy)</p> <p>The Company shall abide by the operational philosophies of honesty, transparency and responsibility, base policies on the principle of good faith and <u>obtain approval from the board of directors</u>, and establish good corporate governance and risk control and management mechanism so as to create an operational environment for sustainable development.</p>	<p>Articles 5 (Policy)</p> <p>The Company shall abide by the operational philosophies of honesty, transparency and responsibility, base policies on the principle of good faith, and establish good corporate governance and risk control and management mechanism so as to create an operational environment for sustainable development.</p>	<p>It provides that the Ethical Corporate Management Best Practice Principles has been approved by the board of directors.</p>
<p>Article 7 (Scope of Prevention Program)</p> <p>The Company shall <u>establish a risk assessment mechanism against unethical conduct</u>, analyze <u>and assess</u> on a regular basis business activities within their business scope which are at a higher risk of being involved in unethical conduct, and <u>establish prevention programs accordingly and review their adequacy and effectiveness</u> on a regular basis.</p> <p>It is advisable for the Company to <u>refer to prevailing domestic and foreign standards or guidelines</u> in establishing the prevention programs, which shall at least include preventive measures against the following: 1 ~ 7 (omitted)</p>	<p>Article 7 (Scope of Prevention Program)</p> <p>When <u>establishing prevention programs</u>, the Company shall analyze business activities within their business scope which are at a higher risk of being involved in unethical conduct, and <u>enhance relevant preventive measures</u>.</p> <p>The Company shall establish prevention programs that include at least preventive measures against the following: 1 ~ 7 (omitted)</p>	<p>1.Paragraph 1 of this Article is amended in order to establish the types for risk level assessment for bribery. 2.To establish a corporate culture of integrity (anti-bribery), there are prevailing domestic and foreign standards or guidelines for reference, so the wording in paragraph 2 of this article is amended.</p>
<p>Article 8 (Commitment and Implementation)</p> <p>The Company shall <u>request its directors and senior management to issue a statement of compliance with the ethical management policy and require in the terms of employment that employees comply with such</u></p>	<p>Article 8 (Commitment and Implementation)</p> <p>The Company and its business group shall clearly</p>	<p>1.Paragraph 1 is added to require that employment contracts shall include and emphasize provisions on ethical management. 2.The Company shall establish a website that clearly presents the ethical corporate</p>

<p><u>policy.</u></p> <p>The Company and its business group shall clearly specify in their rules and external documents <u>and on the company website</u> the ethical corporate management policies and the commitment by the board of directors and <u>senior management</u> to rigorous and thorough implementation of such policies, and shall carry out the policies in internal management and in external commercial activities.</p> <p><u>The Company shall compile documented information on the ethical management policy, statement, commitment and implementation mentioned in the first and second paragraphs and retain said information properly.</u></p>	<p>specify in their rules <u>and</u> external documents the ethical corporate management policies and the commitment by the board of directors and senior management to rigorous and thorough implementation of such policies, and shall carry out the policies in internal management and in external commercial activities.</p>	<p>management policies and the commitment by the board of directors and senior management to rigorous and thorough implementation of such policies.</p> <p>3.Paragraph 3 is added to require documentation and proper retention.</p>
<p>Article 17 (Organization and Responsibilities)</p> <p>The directors, managers, employees, mandataries, and actual controllers of the Company shall exercise the fiduciary duty of care to urge the Company to prevent unethical conduct, always review the results of the preventive measures and continually make adjustments so as to ensure thorough implementation of its ethical corporate management policies.</p> <p>To achieve sound ethical corporate management, the human resources department shall be responsible for establishing and supervising the implementation of the ethical corporate management policies and prevention programs, by being in charge of the following matters:</p> <p>1. Assisting in incorporating ethics and moral values into the company's business strategy and</p>	<p>The directors, managers, employees, mandataries, and actual controllers of the Company shall exercise the due care of good administrators to urge the Company to prevent unethical conduct, always review the results of the preventive measures and continually make adjustments so as to ensure thorough implementation of its ethical corporate management policies.</p> <p>To achieve sound ethical corporate management, the personnel administration unit shall be responsible for establishing and supervising the implementation of the ethical corporate management policies and prevention programs, and in charge of the following matters:</p> <p>1. Assisting in incorporating ethics and moral values into the company's business strategy and adopting appropriate prevention measures against corruption</p>	<p>A provision is added that the ethical management dedicated unit shall be in charge of matters including regular analysis and assessment of the risk of involvement in unethical conduct within the business scope; and relevant wordings are accordingly adjusted.</p>

<p>adopting appropriate prevention measures against corruption and malfeasance to ensure ethical management in compliance with the requirements of laws and regulations.</p> <p>2. <u>Analyzing and assessing on a regular basis the risk of involvement in unethical conduct within the business scope</u>, adopting accordingly programs to prevent unethical conduct, and setting out in each program the standard operating procedures <u>and</u> code of conduct with respect to the company's operations and business.</p> <p>3. Planning the internal organization, structure, and allocation of responsibilities and setting up check-and-balance mechanisms for mutual supervision of the business activities within the business scope which are possibly at a higher risk for unethical conduct.</p> <p>4. Promoting and coordinating awareness and educational activities with respect to ethics policy.</p> <p>5. Developing a whistle-blowing system and ensuring its operating effectiveness.</p> <p>6. Assisting the board of directors and management in auditing and assessing whether the prevention measures taken for the purpose of implementing ethical management are effectively operating, and preparing reports on the regular assessment of compliance with ethical management in operating procedures.</p>	<p>and malfeasance to ensure ethical management in compliance with the requirements of laws and regulations.</p> <p>2. Adopting programs to prevent unethical conduct, and setting out in each program the standard operating procedures and code of conduct with respect to the company's operations and business.</p> <p>3. Planning the internal organization, structure, and allocation of responsibilities and setting up check-and-balance mechanisms for mutual supervision of the business activities within the business scope which are possibly at a higher risk for unethical conduct.</p> <p>4. Promoting and coordinating awareness and educational activities with respect to ethics policy.</p> <p>5. Developing a whistle-blowing system and ensuring its operating effectiveness.</p> <p>6. Assisting the board of directors and management in auditing and assessing whether the prevention measures taken for the purpose of implementing ethical management are effectively operating, and preparing reports on the regular assessment of compliance with ethical management in operating procedures.</p>	
<p>Article 20 (Accounting and Internal Control)</p> <p>The Company shall establish effective accounting systems and internal control systems for</p>	<p>Article 20 (Accounting and Internal Control)</p> <p>The Company shall establish effective accounting systems and internal control systems for</p>	<p>1.Paragraph 2 of this article is amended so that the audit plans include audit frequency, audit method, etc.</p>

<p>business activities possibly at a higher risk of being involved in an unethical conduct, shall not have under-the-table accounts or keep secret accounts, and shall conduct reviews regularly so as to ensure that the design and enforcement of the systems are showing results.</p> <p>The internal audit unit of the Company shall, <u>based on the results of assessment of the risk of involvement in unethical conduct, devise relevant audit plans including auditees, audit scope, audit items, audit frequency, etc., and examine accordingly the compliance with the prevention programs.</u> The internal audit unit may engage a certified public accountant to carry out the audit, and may engage professionals to assist if necessary.</p> <p><u>The results of examination in the preceding paragraph shall be reported to senior management and the ethical management dedicated unit and put down in writing in the form of an audit report to be submitted to the board of directors.</u></p>	<p>business activities possibly at a higher risk of being involved in an unethical conduct, shall not have under-the-table accounts or keep secret accounts, and shall conduct reviews regularly so as to ensure that the design and enforcement of the systems are showing results.</p> <p>The internal audit unit of the Company shall examine <u>on a regular basis the compliance with the systems in the preceding paragraph, and put down in writing in the form of an audit report to be submitted to the board of directors.</u> The internal audit unit may engage a certified public accountant to carry out the audit, and may engage professionals to assist if necessary.</p>	<p>2.Paragraph 3 is added, to include the wording “put down in writing in the form of an audit report to be submitted to the board of directors” from paragraph 2, and the reporting procedures following examination by the internal audit unit.</p>
<p>Article 23 (Whistling-blowing system)</p> <p>The Company shall adopt a concrete whistle-blowing system and faithfully implement the system. The whistle-blowing system shall include at least the following:</p> <ol style="list-style-type: none"> 1. A report mailbox or hotline, either internally established or provided by an independent external institution, to allow internal and external personnel of the company to submit reports. 2. Dedicated personnel or unit appointed to handle the whistle- 	<p>Article 23 (Whistling-blowing system)</p> <p>The Company shall adopt a concrete whistle-blowing system and faithfully implement the system. The whistle-blowing system shall include at least the following:</p> <ol style="list-style-type: none"> 1. A report mailbox or hotline, either internally established or provided by an independent external institution, to allow internal and external personnel of the company to submit reports. 2. Dedicated personnel or unit appointed to handle the whistle- 	<ol style="list-style-type: none"> 1.Subparagraph 3 is added to paragraph 1 of this article, and the existing subparagraphs 3 to 6 under paragraph 1 are renumbered as subparagraphs 4 to 7. 2.The wording in subparagraph 2 under paragraph 1 is slightly amended. 3.Anonymous report is permitted, and the renumbered subparagraph 5 under paragraph is amended accordingly.

<p>blowing system. Any circumstance reported involving a director or senior <u>management</u> shall be reported to the independent directors or supervisors. Categories of reported misconduct shall be delineated and standard operating procedures for the investigation of each shall be adopted.</p> <p><u>3. Take follow-up measures depending on the severity of the circumstances after investigations of cases reported are completed. Where necessary, a case shall be reported to the competent authority or referred to the judicial authority.</u></p> <p>4. Documentation and record retention of case acceptance, investigation processes, investigation results, and relevant documents.</p> <p><u>5. Confidentiality of the identity of whistle-blowers and the content of reported cases, and allow anonymous reporting.</u></p> <p><u>6. Measures for protecting whistle-blowers from inappropriate disciplinary actions due to their whistle-blowing.</u></p> <p><u>7. Whistle-blowing incentive measures.</u></p> <p>When material misconduct or likelihood of material impairment to the Company comes to their awareness upon investigation, the dedicated personnel or unit handling the whistle-blowing system shall immediately prepare a report and notify the independent directors in written form.</p>	<p>blowing system. Any circumstance reported involving a director or senior <u>officer</u> shall be reported to the independent directors. Categories of reported misconduct shall be delineated and standard operating procedures for the investigation of each shall be adopted.</p> <p><u>3. Documentation and record retention of case acceptance, investigation processes, investigation results, and relevant documents.</u></p> <p>4. Confidentiality of the identity of whistle-blowers and the content of reported cases.</p> <p><u>5. Measures for protecting whistle-blowers from inappropriate disciplinary actions due to their whistle-blowing.</u></p> <p><u>6. Whistle-blowing incentive measures.</u></p> <p>When material misconduct or likelihood of material impairment to the Company comes to their awareness upon investigation, the dedicated personnel or unit handling the whistle-blowing system shall immediately prepare a report and notify the independent directors in written form.</p>	
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[Exhibit 5]

Egis Technology Inc.
2019 Earnings Distribution Statement

Unit: NTD

Item	Amount in Cash
Undistributed earnings at the beginning of period	335,033,924
Actuarial loss included in retained earnings (explanation)	0
Undistributed earnings after adjustment	0
Net profit after tax for current period	862,681,117
Less: Appropriation to legal reserve	86,268,112
Appropriation to special reserve	32,596,206
Earnings available for distribution in current period	1,078,850,723
- Stock dividends (NTD - per share)	0
- Cash dividends (NTD 9.0 per share)	623,535,786
Undistributed earnings at the end of period	455,314,937

Note: The cash dividends shall be rounded down to the nearest dollar, and the total sum of fractional amounts less than a dollar shall be returned to the Company and recorded under the item of Other Revenue.

Person-in-charge:

Manager:

Accounting officer:

[Exhibit 6]

Comparison Table of Pre- and Post-Amendment Clauses of Operating Procedures for Acquisition or Disposal of Assets of Egis Technology Inc.

Amended Clause	Existing Clause	Explanation
<p>Article 7: Operating procedures for acquisition or disposal of negotiable securities investments</p> <p>1. Evaluation and operating procedures</p> <p>(1) The Company shall acquire and dispose of long-term and short-term securities in accordance with Company's investment cycle regulations under the internal control system.</p> <p>(2) For negotiable securities that are traded in centralized trading markets or business premises of securities dealers, the transaction price shall be determined based on market conditions, and <u>the implementing unit is authorized to make decisions and handle the case based on the approval authority table.</u></p>	<p>Article 7: Operating procedures for acquisition or disposal of negotiable securities investments</p> <p>1. Evaluation and operating procedures</p> <p>(1) The Company shall acquire and dispose long-term and short-term securities in accordance with Company's investment cycle regulations under the internal control system.</p> <p>(2) For negotiable securities that are traded in centralized trading markets or business premises of securities dealers, the transaction price shall be determined based on market conditions. Where the amount for any single transaction is less than NTD50 million (inclusive) or the cumulative monthly amount is less than NTD100 million(inclusive), approval may be granted by the Chairman; where the amount for any single transaction exceeds NTD50 million or the cumulative monthly amount exceeds NTD100 million (excluding fixed income negotiable securities with a tenor of one year or less), it may be implemented only upon deliberation and approval by the Board of Directors.</p> <p>(3) For negotiable securities that are not traded in centralized trading markets or the business premises of securities dealers,</p>	<p>This change is made to meet management needs.</p>

Amended Clause	Existing Clause	Explanation
<p>(3) For negotiable securities that are not traded in centralized trading markets or the business premises of securities dealers, the transaction price shall be determined based on the most recent financial statements of the target company audited or certified by an accountant, with the net worth per share, profitability and future development potential, etc. of the said company taken into consideration. Where the amount is less than NTD100 million (inclusive), approval may be granted by the Chairman; where the amount exceeds NTD100 million, it may be implemented only upon deliberation and approval by the Board of Directors.</p> <p>(Omitted)</p>	<p>the transaction price shall be determined based on the most recent financial statements of the target company audited or certified by an accountant, with the net worth per share, profitability and future development potential, etc. of the said company taken into consideration. Where the amount for any single transaction is less than NTD50 million (inclusive) or the cumulative monthly amount is less than NTD100 million (inclusive), approval may be granted by the Chairman; where the amount for any single transaction exceeds NTD 50 million or the cumulative monthly amount exceeds NTD100 million, it may be implemented only upon deliberation and approval by the Board of Directors.</p> <p>(Omitted)</p>	
<p>Article 18 These Operating Procedures were adopted on May 5, 2008. The first amendment was made on June 19, 2009. The second amendment was made on June 4, 2010. The third amendment was made on June 19, 2013. The fourth amendment was made on May 30, 2014. The fifth amendment was made on October 17, 2014. The sixth amendment was made on June 28, 2016. The seventh amendment was made on June 22, 2017. The eighth amendment was made on May 30, 2018.</p>	<p>Article 18 This Operating Procedures was adopted on May 5, 2008. The first amendment was made on June 19, 2009. The second amendment was made on June 4, 2010. The third amendment was made on June 19, 2013. The fourth amendment was made on May 30, 2014. The fifth amendment was made on October 17, 2014. The sixth amendment was made on June 28, 2016. The seventh amendment was made on June 22, 2017. The eighth amendment was made on May 30, 2018.</p>	<p>Added</p>

Amended Clause	Existing Clause	Explanation
<p>The ninth amendment was made on June 18, 2019.</p> <p>The tenth amendment was made on June 18, 2020.</p>	<p>The ninth amendment was made on June 18, 2019.</p>	

[Exhibit 7]

Comparison Table of Pre- and Post-Amendment Clauses of Shareholders Meeting Procedure Rules of Egis Technology Inc.

Amended Clause	Existing Clause	Explanation
<p>Article 2 (Paragraphs 1 and 2 omitted) Election or dismissal of directors, <u>amendments to the Articles of Incorporation, reduction of capital, application for the approval of ceasing its status as a public company, approval of competing with the company by directors, surplus profit distributed in the form of new shares, reserve distributed in the form of new shares, the dissolution, merger, or demerger of the company, or any matter under Article 185, Paragraph 1 of the Company Act, shall be set out in the notice of the reasons for convening the shareholders meeting, with the essential contents explained; none of the above matters may be raised by an extraordinary motion. The essential contents may be posted on the website designated by the competent authority in charge of securities affairs or the company, and such website shall be indicated in the above notice.</u> <u>Where the notice of the reasons for convening the shareholders meeting specifies an reelection of all directors as well as the date when they will assume office, after the election is completed at such shareholders meeting, the date when they will assume office may not be changed again at such same meeting through an extraordinary motion or any other method.</u> A shareholder holding one percent or more of the total number of issued shares may submit to the Company a written proposal for discussion at an annual general meeting. Such proposals, however,</p>	<p>Article 2 (Paragraphs 1 and 2 omitted) Election or dismissal of directors, amendments to the Articles of Incorporation, the dissolution, merger, or demerger of the company, or any matter under Article 185, Paragraph 1 of the Company Act, Articles 26-1 and 43-6 of the Securities and Exchange Act, or Articles 56-1 and 60-2 of the Regulations Governing the Offering and Issuance of Securities by Securities Issuers shall be set out in the notice of the reasons for convening the shareholders meeting. None of the above matters may be raised by an extraordinary motion.</p> <p>A shareholder holding one percent or more of the total number of issued shares may submit to the Company a written proposal for discussion at an annual general meeting. Such proposals, however, are limited to one item only, and no proposal containing more than one item will be included in the meeting agenda.</p> <p>In addition, when the circumstances of any subparagraph of Article 172-1, Paragraph 4 of the Company Act apply to a proposal put forward by a shareholder, the Board of Directors may exclude it from the meeting agenda. Prior to the book closure date before an annual general</p>	<p>This is made in compliance with the amendment of the Company Act, and a requirement is added that after the election is completed at the shareholders meeting, the date when the elected directors will assume office may not be changed again at such same meeting through an extraordinary motion or any other method.</p>

<p>are limited to one item only, and no proposal containing more than one item will be included in the meeting agenda. <u>However, a shareholder proposal for urging the Company to promote public interests or fulfill its social responsibilities may still be included in the list of proposals to be discussed at a regular meeting of shareholders by the Board of Directors.</u></p> <p>In addition, when the circumstances of any subparagraph of Article 172-1, Paragraph 4 of the Company Act apply to a proposal put forward by a shareholder, the Board of Directors may exclude it from the meeting agenda. Prior to the book closure date before an annual general meeting is held, the Company shall publicly announce that it will receive shareholder proposals, <u>in writing or by way of electronic transmission</u>, and the location and time period for their submission; the period for submission of shareholder proposals shall not be less than 10 days. (the following is omitted)</p>	<p>meeting is held, the Company shall publicly announce that it will receive shareholder proposals, and the location and time period for their submission; the period for submission of shareholder proposals shall not be less than 10 days. (the following is omitted)</p>	
<p>Article 24 (Paragraphs 1 and 2 omitted) The meeting minutes shall accurately record the year, month, day, and venue of the meeting, the Chairman's full name, the methods by which resolutions were adopted, and a summary of the deliberations and their <u>voting results (including the number of votes); when there is an election of directors, the number of votes received by each elected director shall be disclosed.</u> The meeting minutes shall be retained for the duration of the existence of the Company. (the following is omitted)</p>	<p>Article 24 (Paragraphs 1 and 2 omitted) The meeting minutes shall accurately record the year, month, day, and venue of the meeting, the Chairman's full name, the methods by which resolutions were adopted, and a summary of the deliberations and their results, and shall be retained for the duration of the existence of the Company. (the following is omitted)</p>	<p>This change is made in compliance with the amendment of the laws.</p>
<p>Article 28 These Rules were formulated on June 30, 2008. The first amendment was made on</p>	<p>Article 28 These Rules were formulated on June 30, 2008. The first amendment was made on</p>	<p>An additional amendment date is added.</p>

<p>June 15, 2012. The second amendment was made on December 10, 2013. The third amendment was made on October 17, 2014. The fourth amendment was made on June 30, 2015. <u>The fifth amendment was made on June 18, 2020.</u></p>	<p>June 15, 2012. The second amendment was made on December 10, 2013. The third amendment was made on October 17, 2014. The fourth amendment was made on June 30, 2015.</p>	
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